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1985/05/03

T -- GENSIE MESSAGE -- 7219 CHARACTERS TITITICI FECH COMIPAC FONCIULU HI, SSN 0 AT 03 02027 MAYES I NCCONTRACT IFAC TAILY INTELLIGENCE SUMMARY 83-85 (U) THAT USEES EASIL ON CLASSIFICATION AND NEED TO KNOW. BEQUESTS FILE/CI/DISCLOST ANY INFOFMATION CONTAINED IN TELS SUMMARY TO A IG CONFERMENT SECUL OF FORVARDID TO COMITAC FOR APPROVAL IN COFEANCE WITH CURRENT NATIONAL DISCLOSURE POLICY. (U) ICERAFU WISHOUT SERVICE. INFORMATION PERISHABLE. /-/-/-/-/-/-/-/-/. (U) THE STOURF THEFFECKE NUMBER FOR IPAG ANALYSTS IS 6223. TSS COFFFRISE INDICATED. /-/-/-/-/-/-/-/-/-/ THIS SUMMARY CONTAINS HIGHT ITEMS: {C/FCFCFU}

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FICE ITY -- GINSER MISSAGE -- 7540 CHARACTERS
TITEINCE FROM COMPAC BONOIULD BI, SSN 0 AT 03 02022 MAYES

FCTION 82 CF 83

(G/NOTE PARTICULAR ATTECTION THE JIANGEUS HAVE HEEN PRODUCTE AT VAIRLY REGULAR RATE (TWO PER YEAR ON THE AVERAGE) FOR THE LAST 10 12 FS. A TVC-YEAR HIATUS IN THEIR CONSTRUCTION FOR THE PLA NAVY WAS LIFT AS UNITS 17 AND 18 WERE FULLTHYCRETHE EGYPTIAN NAVY. CONSTRUCTION OF THE FEA ALLITICNAL JIANGEU FRIGATES FOR THE PLA NAVY ITL SUSTAIN THE FLEET AT CURRENT LEVELS IN THE NEAR TERM.

USITYPETE KYENIKTII)

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(C) ACCORDING TO THE CHICIAL PRO NEWS AGENCY (XINEUA), ARBIFATION FRIATEL TO THE ACCIDENT INVOLVING THE COLLISION OF A TAIWAN
TRIGHTIP AND A PRO FISHING FOAT ON 16 ARR WAS SETTLED THE MAINLAND
TRIUDLY CONSULTATIONS. THE TAIWAN VESSEL DEFARTED THE MAINLAND
TIMES FOR CF XIAMIN ON THE LAST COAST (ACROSS TAIWAN) FOR ITS
THICFT ON C1 MAT. THE XINEUA RELEASE STATED THAT THE ACCIDENT
SELTHE FOR THE FAILURE BY FOTH STIES TO FOLLOW INTERNATIONAL
TOULATIONS ON AVOIDING COLLISIONS AT SEA, AND THAT HOTE SIDES WIRE
THOSE STIES. REFERENTATIVES OF THE TAIWAN VESSEL NEGOTIATED THE

(N) IFAC COMMINT: TEI YINEUA ACCOUNT (PROBABLY ACCURATE) OF MICABLE STITLEMINT OF THIS ACCITENT IS NOTEWORTPY. XINEUA'S ATTIMINE THAT ICTT SITES (NOT SOLELY THE TAIWAN VESSE) WIPE AT ICT IS NOT SUBPRISING SINCE THAT AFPROACE IS IN CONCERT WITE AND CAPTURE BEIJING'S CNGCING FRACEFUL! HEUNIFICATION (CAMPAIGN, THE TICLE VAS CUITE CAREFUL IN REFORTING THAT REFRESENTATIVES FROM THAT TAIVAN VISSEL NEGOTIATED THE SETTLEMENT—NOT THE TAIVAN GOVERN—NOT. ALTHOUGH FILJING WOULD HAVE WELCOMED THE CHANCE FOR DIPLOT NOTOR VITE TAIVAN OFFICIALS, FROM THE MAINLAND CHINESE PERSPIC—

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THE CITTLIMENT OF THIS INCIDENT AT THE FEOPLE-TO-FIOFIF LEVEL AND AS ANOTHER CONCRETE EXAMPLE OF THE MOTHERLAND'S GOOD FAITH THOSE AS ANOTHER CONCRETE EXAMPLE OF THE MOTHERLAND'S GOOD FAITH THOSE AND ITS FEACHFUL REUNIFICATION PROTOSAL. IN RELATED THE CHICAGO THAT FERE WITE THAT FETVERN MAINLAND CHINA AND ITSELF FOR THE TIME THE TIME THAT FETVERN MAINLAND CHINA AND INCIDENT OF SUCH TRAIL BY THE IS FEMAPHABLE, AND MAY INDICATE A CERTAIN AMOUNT OF FIEXITITY IN THE POLICY ON MAINLAND CHINA. MORE REALISTICALLY, IT CHAFTY REFRESHTS A RECOGNITION OF THE REALITIES OF TAIWAN-FROM TOWITE, IN THE FORESTEADER SUIDER, THIS ANTICIPATED OF THE SET IN UNCEFFICIAL CONTACTS WILL NOT FOSTER REUNIFICATION UNDER CONTINUE OF FITTER FRIDING OR TAIPLE.

1-1-1-1-1-1-1-1-1

(M/METR) CHIRA/TAIWAK/U.S.: TALE CONTROVERSY UFLATE. (C) SPORT RECINE REPORTING INDICATES THE ANKUAL MEETING OF IN TITTICPPENT FANK (ATE) ENTIR' WITEOUT RESCUTION OF THE FOR ICE OF CHINA'S MEMBERSHIP IN THE CEGANIZATION. THE PRIMARY SOFCIF CINTIFS ON TAIVAN'S NOMENCLATURE RELATIVE TO THE INTRY TTT AIF OF THE TECHIE'S REFURITO OF CHINA. LEIJING CONTINUES INGIST TEST TAIVAN, AN CRIGINAL MEMBER OF THE EARX, CHANGE ITS TO THE TAIVAN, CHANGE ITS TO THE CRINESE AMERICAN TO CONSISTENT RICE TVERYr spilipfings, This Presidentick Would be T'S C'E-CFINA POLICE, AND WAS DECIDED AT THE BIGEFST LEVEL OF TEX THIST OCTIFHMENT. Prylempelies, maippi has appected this theig-CO ANT, IMPTEAT, IMPICATED ITS WILLINGHISS TO CONSILTE USING PA (TAITE) OR "CFINA (TAIVAN)" AS ITS NOMENCIATURE, DECVIDED FIVEN COULT CONTINUE TO USE THE ITSIGNATION PREPUBLIC OF THE ATTRISSING ITS COMMUNICATIONS WITH THE ADE. A HALLERY IN AN AUTHER TO FACILITATE THE PRO'S ENTRY INTO THE HE (TRICE TO THE CONTINUO OF THE ALE'S ANNUAL MILTING), ALF TOTTER TESTONA PRECINTED RELIGING WITE A DRAFT MINCRANIUM CE , brich has prepared with insur esch TERREPORTING (MOT). TEE MOU. ATT PENTIPPED (INCIDENC THE U.S.), FROOGNIZES THE PRO AS SUF T TTOIL OCCIENCING OF CERNA AND PROVIDED ASSURANCES OF TAIVAN of MIMPTERTIP AND PARTICIPATION IN THE ADE. IF EDIJING AGERTS TO AN MUT MOU, IN MOUIT FILE SATISTY CONCIENS OF THE U.S. CONGRESS erring things of statue within Tri Bank. \_Albidichally. THE STATE IS A STATE AS IN SAFILL A NEED TO SELF THIRT RESCIUTION OF THE MOMENCIATURE ISSUE. ROVEVER, TO LATE THE THE NOT SIGNED THE MOU. BUT CONTINUES TO PRESSURE RASELECTON IT ITS INTIUFNOR VITE TAIVAN. 1 1 4 IN VIEW OF THE FACT THAT CRIMA PERCEIVES THE U.S. AS

(M/LEGOR) IN VIEW OF THE FACT THAT CRIMA PERCHIVER THE U.S. AS "THE" TO THE SUCCESSFUL (CHINES! PERCEPTION) SETTIMENT OF THE COMPONERS. THIS ISSUE FIRESINTS ANOTHER CONTENTIOUS ISSUE IN THE U.S. INTENTIONS. THE FIC RECOGNIZED THAT THE ISSUE OF TAIWAN'S THAT MINETERPHE IN THE ALE MUST HI RESOLVED TO ITS SATISFACTION,

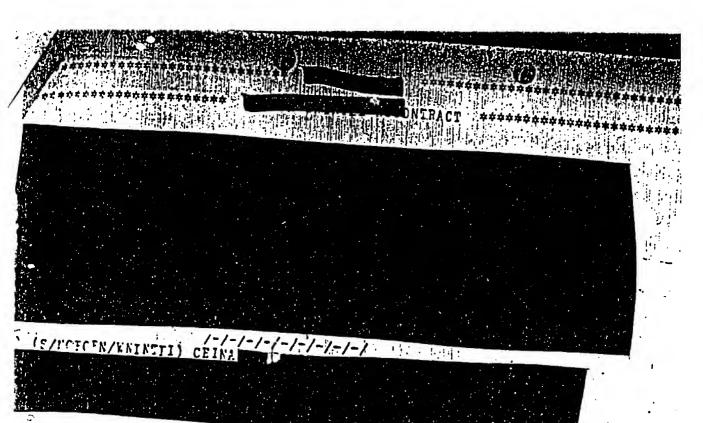
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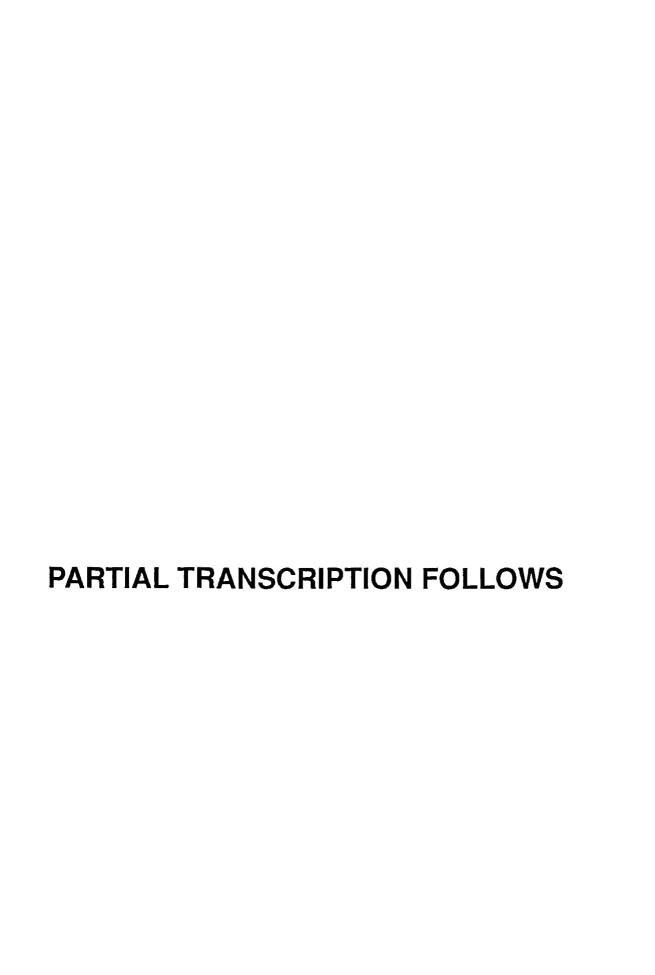
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SECTION 02 OF 03

[PARAGRAPH EXCISED]

ALTHOUGH THE JIANGHUS HAVE BEEN PRODUCED AT A FAIRLY REGULAR RATE (TWO PER YEAR ON THE AVERAGE FOR THE LAST 10 YEARS, A TWO-YEAR HIATUS IN THEIR CONSTRUCTION FOR THE PLA NAVY WAS [ILLEGIBLE] AS UNITS 17 AND 18 WERE BUILT FOR THE EGYPTIAN NAVY. CONSTRUCTION OF THESE ADDITIONAL JIANGHU FRIGATES FOR THE PLA NAVY WILL SUSTAIN THE FLEET AT CURRENT LEVELS IN THE NEAR TERM. [LINE EXCISED]

PRC/TAIWAN: SHIP COLLISION INCIDENT SETTLED.

ACCORDING TO THE OFFICIAL PRC NEWS AGENCY (XINHUA), ARBITRATION RELATED TO THE ACCIDENT INVOLVING THE COLLISION OF A TAIWAN FREIGHTER AND A PRC FISHING BOAT ON 18 APR WAS SETTLED THROUGH FRIENDLY CONSULTATIONS. THE TAIWAN VESSEL DEPARTED THE MAINLAND CHINESE PORT OF XIAMEN ON THE EAST COAST (ACROSS TAIWAN) FOR ITS HOMEPORT ON 01 MAY. THE XINHUA RELEASE STATED THAT THE ACCIDENT RESULTED FROM THE FAILURE BY BOTH SITES TO FOLLOW INTERNATIONAL REGULATIONS ON AVOIDING COLLISIONS AT SEA, AND THAT BOTH SIDES WERE RESPONSIBLE FOR THE INCIDENT. A COMPENSATION AGREEMENT WAS SIGNED BY BOTH SIDES. REPRESENTATIVES OF THE TAIWAN VESSEL NEGOTIATED THE SETTLEMENT.

IPAC COMMENT: THE XINHUA ACCOUNT (PROBABLY ACCURATE) OF THE AMICABLE SETTLEMENT OF THIS ACCIDENT IS NOTEWORTHY. XINHUA'S STATEMENT THAT BOTH SIDES (NOT SOLELY THE TAIWAN VESSEL) WERE AT FAULT IS NOT SURPRISING SINCE THAT APPROACH IS IN CONCERT WITH AND PROJECTS BEIJING'S ONGOING PEACEFUL REUNIFICATION CAMPAIGN. THE [ILLEGIBLE] WAS QUITE CAREFUL IN REPORTING THAT REPRESENTATIVES FROM THE TAIWAN VESSEL NEGOTIATED THE SETTLMENT--NOT THE TAIWAN GOVERNMENT. ALTHOUGH BEIJING WOULD HAVE WELCOMED THE CHANCE FOR DIRECT CONTACT WITH TAIWAN OFFICIALS, FROM THE MAINLAND CHINESE PERSPEC-

TIVE, THE SETTLEMENT OF THIS INCIDENT AT THE PEOPLE-TO-PEOPLE LEVEL SERVES AS ANOTHER CONCRETE EXAMPLE OF THE MOTHERLAND'S "GOOD FAITH" IN PROFESSING ITS PEACEFUL REUNIFICATION PROPOSAL. IN RELATED DEVELOPMENTS, TAIWAN RECENTLY ANNOUNCED IT WOULD NOT INTERFERE WITH DIRECT TRADE BETWEEN MAINLAND CHINA AND ITSELF FOR THE TIME BEING. THIS ACKNOWLEDGEMENT AND THE CONDONING OF SUCH TRADE BY TAIPEI IS REMARKABLE, AND MAY INDICATE A CERTAIN AMOUNT OF FLEXIBILITY IN ITS POLICY ON MAINLAND CHINA. MORE REALISTICALLY, IT [ILLEGIBLE] REPRESENTS A RECOGNITION OF THE REALITIES OF TAIWAN-PRC UNOFFICIAL CONTACTS, WHICH ARE EXPECTED TO INCREASE IN THE NEAR [ILLEGIBLE]. HOWEVER, IN THE FORESEEABLE FUTURE, THIS ANTICIPATED INCREASE IN UNOFFICIAL CONTACTS WILL NOT FOSTER REUNIFICATION UNDER THE CONDITIONS OF EITHER BEIJING OR TAIPEI.

CHINA/TAIWAN/U.S.: ADB CONTROVERSY UPDATE.

RECENT REPORTING INDICATES THE ANNUAL MEETING OF THE ASIAN DEVELOPMENT BANK (ADB) ENDED WITHOUT RESOLUTION OF THE QUESTION OF CHINA'S MEMBERSHIP IN THE ORGANIZATION. THE PRIMARY OBSTACLE CENTERS ON TAIWAN'S NOMENCLATURE RELATIVE TO THE ENTRY TO THE ADB OF THE PEOPLE'S REPUBLIC OF CHINA. BEIJING CONTINUES TO INSIST THAT TAIWAN, AN ORIGINAL MEMBER OF THE BANK, CHANGE ITS [ILLEGIBLE] TO "TAIWAN, CHINA." ACCORDING TO THE CHINESE AMBASSADOR TO THE PHILIPPINES, THIS DESIGNATION WOULD BE "CONSISTENT WITH EVERY-[ILLEGIBLE] ONE-CHINA POLICY, AND WAS DECIDED AT THE HIGHEST LEVEL OF THE CHINESE GOVERNMENT." NEVERTHELESS, TAIPEI HAS REJECTED THIS DESIGNATION AND, INSTEAD, INDICATED ITS WILLINGNESS TO CONSIDER USING CHINA (TAIPEI) OR "CHINA (TAIWAN)" AS ITS NOMENCLATURE, PROVIDED THAT TAIWAN COULD CONTINUE TO USE THE DESIGNATION "REPUBLIC OF CHINA" IN ADDRESSING ITS COMMUNICATIONS WITH THE ADB.

IN AN ATTEMPT TO FACILITATE THE PRC'S ENTRY INTO THE BANK (PRIOR TO THE CONVENING OF THE ADB'S ANNUAL MEETING), ADB [ILLEGIBLE] PRESENTED BEIJING WITH A DRAFT MEMORANDUM OF UNDERSTANDING (MOU). THE MOU, WHICH WAS PREPARED WITH INPUT FROM [ILLEGIBLE] MEMBERSHIP (INCLUDING THE U.S.), RECOGNIZES THE PRC AS THE [ILLEGIBLE] GOVERNMENT OF CHINA AND PROVIDES ASSURANCES OF TAIWAN'S [ILLEGIBLE] MEMBERSHIP AND PARTICIPATION IN THE ADB. IF BEIJING AGREES TO SIGN THE MOU, IT WOULD HELP SATISFY CONCERNS OF THE U.S. CONGRESS [ILLEGIBLE] TAIWAN'S STATUS WITHIN THE BANK. ADDITIONALLY, WASHINGTON WOULD THEN BE WILLING TO USE ITS INFLUENCE TO HELP RESOLVE RESOLUTION OF THE NOMENCLATURE ISSUE. HOWEVER, TO DATE CHINA HAS NOT SIGNED THE MOU, BUT CONTINUES TO PRESSURE WASHINGTON TO EXERT ITS INFLUENCE WITH TAIWAN.

IN VIEW OF THE FACT THAT CHINA PERCEIVES THE U.S. AS
THE "KEY" TO THE SUCESSFUL (CHINESE PERCEPTION) SETTLEMENT OF THE
[ILLEGIBLE] CONTROVERSY, THIS ISSUE REPRESENTS ANOTHER CONTENTIOUS ISSUE
IN CHINA-U.S. RELATIONS. THE PRC RECOGNIZES THAT THE ISSUE OF TAIWAN'S
[ILLEGIBLE] MEMBERSHIP IN THE ADB MUST BE RESOLVED TO ITS SATISFACTION

THEREBY ELIMINATING ANY SUGGESTION OF BEIJING'S ACCLPTANCE OF A "TWO-CHINA" POLICY.
[LINE EXCISED]

[REMAINDER OF TEXT ON PAGE EXCISED]